

Administration of Barack H. Obama, 2010

Statement on Financial Regulatory Reform Legislation

March 15, 2010

It has now been well over a year since the near collapse of the financial sector, and yet today, the same failed system that brought on this crisis remains in place. The financial crisis has resulted in more than 8 million American workers losing their jobs, trillions in household wealth being wiped out, and hundreds of thousands of small businesses without the credit they need to grow. We cannot wait any longer for real financial reform that brings accountability to the financial system and makes sure that the American taxpayer is never again asked to bail out the irresponsibility of our largest banks and financial institutions.

This proposal provides a strong foundation to build a safer financial system. It creates a new consumer financial protection agency to set and enforce clear rules of the road and establishes stronger supervision for the largest financial firms under the Federal Reserve. It brings transparency and oversight to derivatives and other financial markets that were central to the crisis and separates banking from proprietary trading and hedge funds. The proposal will also provide the Government with essential tools to respond in a financial crisis so that we can wind down and liquidate a large, interconnected failing financial firm. It allows us to protect the economy and taxpayers so that we can end the belief that any firm is too big to fail.

As the bill moves forward, I will take every opportunity to work with Chairman Dodd and his colleagues to strengthen the bill and will fight against efforts to weaken it.

American families deserve a strong, independent consumer financial protection agency that is accountable for setting and enforcing clear rules across the financial marketplace. And I will not accept attempts to undermine the independence of the consumer protection agency or to exclude from its purview banks, credit card companies, or nonbank firms such as debt collectors, credit bureaus, payday lenders, or auto dealers. I will oppose any loopholes that could harm consumers or investors or that allow institutions to avoid oversight that is important to financial stability.

We need to ensure the ultimate bill provides strong, clear authority for setting and enforcing rules, limiting excessive risk-taking in the financial system, and winding down the largest financial firms when necessary in a way that does not cause a financial panic. All derivatives must be regulated, and shareholders should have a say not just on pay but also other compensation that rewards risk-taking. We will stand firm against any attempt by the financial sector to avoid their responsibilities. In any future crisis, the big financial companies must pay, not taxpayers.

Categories: Statements by the President : Financial regulatory reform legislation.

Names: Dodd, Christopher J.

Subjects: Business and industry : Credit freeze situation; Business and industry : Small and minority businesses; Economy, national : Consumer Financial Protection Agency, proposed; Economy, national : Financial regulations, modernization efforts; Economy, national : Recession, effects; Employment and unemployment : Job losses; Reserve System, Federal.

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